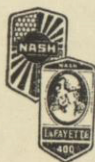


Annual Report
of
THE NASH MOTORS CO.



MRE
CORP. FILE

Fiscal Year Ended November 30, 1936

Annual Report

of

THE WASH. MOTORS CO.



Fiscal Year Ended November 30, 1936

ANNUAL REPORT

OF

THE NASH MOTORS COMPANY

(MARYLAND CORPORATION)

FISCAL YEAR ENDED NOVEMBER 30, 1936

TO THE STOCKHOLDERS:

We present herewith the annual report of The Nash Motors Company for the fiscal year ended November 30, 1936.

The earnings for the fiscal year just ended amounted to \$1,020,707 which is the best showing we have made since the fiscal year ended November 30, 1932, when the profits were \$1,029,552, and as compared with a deficit of \$610,227 for the fiscal year ended November 30, 1935.

On July 16, 1936, your company acquired all of the stock of the Seaman Body Corporation, in which company we had previously owned 50% of the capital stock. As you know, the activities of the Seaman Body Corporation are confined entirely to the manufacture of bodies for the different plants of Nash Motors.

You are all familiar with the agreement of merger which was entered into between the Kelvinator Corporation of Detroit and The Nash Motors Company under date of November 17, 1936. The merger was fully consummated on January 4, 1937.

Your Board of Directors has voted to change the period of the fiscal year so that same will end on September 30th in each year. This change was made to follow and conform to the seasonal trend of both divisions of your company and will be of value in maintaining comparative data.

The operations of your company for the last three months, as well as that of the Kelvinator Corporation, show a very satisfactory increase over any previous

period in the history of either of the companies. The shipment of Nash and LaFayette cars in the month of December has established a new high mark for our product.

There is being mailed to you with this report a copy of the annual report of the Kelvinator Corporation for its fiscal year ending September 30, 1936. A study of both of the enclosed statements will indicate to you the great possibilities for increased earning power in the combined manufacturing and selling forces which are now united under the able and energetic leadership of Mr. George W. Mason, formerly President of the Kelvinator Corporation, who was elected a Director and President of your company on December 24, 1936.

With the fine organizations and sales outlets which are thus provided through the merger which you have approved, and with a knowledge that your company has brought its product up to a new high standard of beauty, performance, quality and design in material and workmanship, we feel justified in expressing the hope that the coming year will find your company getting its full fair share of the business and delivering merchandise of which we can all be justly proud.

By Order of the Board of Directors,

CHARLES W. NASH,

January 18, 1937

Chairman

THE NASH MOTORS COMPANY AND WHOLLY OWNED
SEAMAN BODY CORPORATION
CONSOLIDATED
BALANCE SHEET
AS AT NOVEMBER 30, 1936

ASSETS

CURRENT ASSETS:

Cash	\$ 3,788,169.93
U. S. Government Securities—at cost (Market value November 30, 1936, \$20,654,328.13)	18,985,734.07
Total Cash and U. S. Government Securities	22,773,904.00
Accounts Receivable, less Reserve of \$18,010.12	1,231,344.98
Due from Subsidiary Companies—Current Accounts	200,337.83
Accrued Interest Receivable	217,655.04
Inventories of Raw Materials, Work in Process and Finished Product—at cost or market, whichever the lower (of the foregoing \$5,275,317.57 is covered by a physical inventory as taken by the management, while the balance is based on factory records)	5,620,238.88
Total Current Assets	30,043,480.73
Prepaid Insurance	44,625.40

INVESTMENTS:

Treasury Stock—84,300 shares at market November 30, 1936, which is less than cost	\$ 1,485,787.50
Investments in and Advances to Sundry Small Subsidiary Companies:	
Investments—at cost, or equity based on stock ownership, whichever the lower (equity November 30, 1936, \$458,252.31)	\$397,053.72
Advances, less Reserves of \$21,915.88	503,084.12
Other Investments—at cost less Reserves of \$175,146.05	184,064.61
Property, Plant and Equipment (including closed plant at Milwaukee)—at cost	13,818,747.50
Less Reserves for Depreciation	8,446,741.86
Goodwill	1.00
Total	\$38,030,102.72

THE NASH MOTORS COMPANY AND WHOLLY OWNED
SEAMAN BODY CORPORATION

Notations constituting an integral part of the statement

This statement represents the consolidation of the Balance Sheets of The Nash Motors Company and Seaman Body Corporation, a wholly owned Subsidiary. Up to July 16, 1936, The Nash Motors Company held 50% of the capital stock of said Subsidiary, the remaining 50% being acquired as of that date. Prior to July 16, 1936, the accounts of The Nash Motors Company and Seaman Body Corporation were not consolidated and The Nash Motors Company did not take into its accounts earnings of Seaman Body Corporation other than dividend distributions received. In preparing the foregoing consolidated statement, the sum of \$2,307,780.23, the earnings applicable to shares acquired in 1919 (representing 50% ownership) less dividends received, has been credited to earned surplus account, and surplus arising from the

OWNED SUBSIDIARY SEAMAN BODY CORPORATION

BALANCE SHEET

MBER 30, 1936

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 3,249,573.15
Distributors' and Dealers' Credit Balances	304,980.92
Federal Excise and Local Taxes	410,592.89
Federal Income Tax	40,000.00
Total Current Liabilities	4,005,146.96
Reserve for Guaranty and Policy Adjustments	90,124.53
Reserve for Contingencies	1,000,000.00

CAPITAL STOCK:

Common Stock without Par Value	
Authorized and Issued—2,730,000 shares	13,887,000.00

SURPLUS:

Earned Surplus	\$17,630,907.77	
Initial Surplus	839,908.99	
Capital Surplus	577,014.47	19,047,831.23

Total	<u>\$38,030,102.72</u>
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ND WHOLLY OWNED SUBSIDIARY
CORPORATION

art of the Consolidated Balance Sheet

acquisition of the remaining shares on July 16, 1936, the sum of \$577,014.47, has been taken as a credit to capital surplus account. The sole activity of Seaman Body Corporation is and has been concerned with the manufacture of bodies for The Nash Motors Company.

Subsequent to November 30, 1936, the stockholders of The Nash Motors Company and of Kelvinator Corporation adopted an agreement of merger which had been signed by the two companies under date of November 17, 1936. For information as to the effect of this merger, reference should be made to the agreement above referred to. No provision has been made in the foregoing statement for fees and other expenses incurred in this merger.

**THE NASH MOTORS COMPANY AND (FROM JULY 16, 1936) WHOLLY OWNED SUBSIDIARY,
SEAMAN BODY CORPORATION**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED NOVEMBER 30, 1936

Sales of Automobiles, Parts and Other Merchandise, less Returns . . .		\$30,965,894.37
Cost of Automobiles, Parts and Other Merchandise sold, after charging Operating Expenses (other than Depreciation) and Maintenance of Physical Properties	\$28,515,418.93	
Depreciation of Property, Plant and Equipment	694,362.22	
Selling, General and Administrative Expenses	1,826,584.83	31,036,365.98
Net Loss from Operations		70,471.61
Other Income:		
Interest earned on U. S. Government Securities	635,112.96	
Other Interest Earned	51,105.86	
Profit on Sale of U. S. Government Securities	362,406.63	
Dividends Received	10,302.44	
Cash Discounts Received	120,144.66	
	1,179,072.55	
Less Charges to Other Income:		
Closed Plant Expense (net) after provision of \$25,845.84 for Depreciation	\$ 24,923.71	
Other Charges—Net	22,969.36	47,893.07
Other Income—Net		1,131,179.48
Net Income before Provision for Federal Income Tax		1,060,707.87
Provision for Federal Income Tax		40,000.00
Net Income		\$ 1,020,707.87

In accordance with the Company's established practice, the foregoing statement does not include The Nash Motors Company's proportion of the operating results of sundry small subsidiaries, wholly or partly owned, nor its proportion of the operating results of Seaman Body Corporation for the period from November 30, 1935, to July 16, 1936, except dividends in the amount of \$10,302.44 paid to The Nash Motors Company from current earnings; dividends paid by Seaman Body Corporation from prior period earnings were credited by The Nash Motors Company to earned surplus account. The Nash Motors Company's share in the aggregate net loss of all of these Companies for the year, after crediting the operating results of Seaman Body Corporation to July 16, 1936, is reported by officials of such Companies to amount to \$66,758.13. During the period from November 30, 1935, to July 16, 1936, ownership in Seaman Body Corporation amounted to 50%, the balance of the outstanding capital stock being acquired as of the latter date.

**THE NASH MOTORS COMPANY AND (FROM JULY 16, 1936) WHOLLY OWNED SUBSIDIARY,
SEAMAN BODY CORPORATION**

CONSOLIDATED SURPLUS ACCOUNTS

FOR THE YEAR ENDED NOVEMBER 30, 1936

Earned Surplus:

Earned Surplus, November 30, 1935 \$16,855,074.21

Additions during year:

Consolidated Net Income for Year ended November 30, 1936 . . . \$ 1,020,707.87

Proportion of Undistributed Earnings of Seaman Body Corporation to July 16, 1936, applicable to shares acquired by The Nash Motors Company in 1919, such shares representing 50% ownership, the remaining 50% having been acquired July 16, 1936 2,307,780.23

Dividends from Earnings of Prior Years received from Seaman Body Corporation during the period from November 30, 1935, to July 16, 1936 46,116.01

Adjustment to increase ledger value of Treasury Stock to Market which was lower than cost at November 30, 1936 . . . 83,800.00

Prior Period Adjustments 29,800.00

3,488,204.11

Less adjustment as of November 30, 1936, to reduce Investments in Subsidiaries to basis of cost, or equity based on stock ownership, whichever the lower 65,646.80

Increase in Earned Surplus during Year before

Dividends 3,422,557.31

Cash Dividends on Common Stock, exclusive of Treasury Stock . . . 20,277,631.52
2,646,723.75

Earned Surplus, November 30, 1936 17,630,907.77

Capital Surplus:

Credit arising from acquisition of 50% of the Capital Stock of Seaman Body Corporation on July 16, 1936, this purchase making that company a Wholly Owned Subsidiary 577,014.47

Initial Surplus:

Unchanged during year ended November 30, 1936 \$ 839,908.99

ACCOUNTANTS' REPORT

NASH-KELVINATOR CORPORATION,
Kenosha, Wisconsin.

We have made an examination of the Consolidated Balance Sheet of The Nash Motors Company (now Nash-Kelvinator Corporation) and wholly owned Subsidiary, Seaman Body Corporation, as at November 30, 1936, and of the Consolidated Profit and Loss and Surplus Accounts for the year ended on that date, the latter statements including the operating results of Seaman Body Corporation from July 16, 1936, the date as of which that company became a wholly owned Subsidiary. In connection therewith, we examined or tested accounting records of the Companies and other supporting evidence and obtained information and explanations from officers and employees of the Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying Consolidated Balance Sheet and related Consolidated Profit and Loss and Surplus Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the Companies during the period under review, the consolidated position at November 30, 1936, and the results of the operations for the year.

Milwaukee,
January 7, 1937.

PEAT, MARWICK, MITCHELL & CO.

OFFICERS

CHARLES W. NASH

Chairman of the Board

C. HASCALL BLISS

HAROLD E. LONG

ROBERT F. HERRICK

N. ERIK WAHLBERG

ROBERT B. ELLIOTT

Vice-Presidents

GEORGE H. EDDY

Treasurer

HORACE J. MELLUM

Secretary

LAWRENCE J. HOLLY

Comptroller

DIRECTORS

CHARLES W. NASH, *Chairman*

ROBERT F. HERRICK

JAMES T. WILSON

HAROLD H. SEAMAN

C. HASCALL BLISS

EMORY W. CLARK

FRED W. SARGENT

SEWELL L. AVERY